



Evaluation Section
Tun Mei Chang, Evaluation Analyst
December 2003

Executive Summary

During a twelve-month period from March 2002 through February 2003, a total of 478 state licensed child day care centers were voluntarily closed, representing about 9% of all licensed centers. These licensed centers were closed for various reasons. Licensed group child day care centers said their most important reasons for closing were low income and high business costs (27%), inadequate demand (27%), and problems with facility space/location or difficulty finding or keeping qualified staff (27%). Licensed family day care providers said their most important reasons for closing were business financial problems including low/inadequate income and lack of health insurance and benefits (18%), inadequate demand (17%), and family responsibilities (especially the responsibility for the provider's own children) (20%).

Some closure reasons were significantly related to facility or provider characteristics. Among closed family centers, "business financial problems" were related to geographic location (DCFS regions) and to the age composition of children served. "Inadequate demand" was related to the age composition of children served. "Problems with facility space/location or staffing" had a greater effect on centers that were open six to seven days a week. "Family responsibilities" affected family centers differently depending on how long the providers had been in child day care service. "Job stress/burn out" had the greatest effect on centers that had been in day care business for five to ten years. "Provider health problems" were related to geographic location. Among closed group centers, "business financial problems" were related to urban/rural location, facility capacity, ownership type, and whether the center operated all-year round or not. "Inadequate demand" was related to the age composition of children served. "Problems with facility space/location and staffing" were related to the facility's urban/rural location.

A day care closure as defined in the state licensing administration system does not always result in a loss of child care service capacity (in terms of child care service facility or child care "person" resource) from the system. During the twelve-month survey period from March 2002 through February 2003, 47% of the "closed" day care center facilities remained operational and continued to provide care to children. These facilities included relocated licensed centers, centers that changed from a family license to a group license or vice versa, centers that gave up state licensure and became county certified providers, or centers that were sold or rented out to other providers, etc. With regard to the child care "person" resource, more than half of "former" licensed providers continued to provide care to children (44%) or intended to return to the field at a future date (24%).

Many closed licensed providers offered suggestions for helping child care providers remain in child day care service. These suggestions are summarized in the last section of this report.

Table of Contents

	Page
Executive Summary	
Introduction	1
Survey Analysis and Findings	3
Reasons for Child Day Care Center Closures	3
Closure Reasons by Day Care Center Characteristics	
Resources Used by Closed Day Care Providers	
Disposition of Day Care Center Business and Facility after Closure	15
Likelihood Providers Remain in Child Day Care Service after Closure	17
Suggestions for Helping Child Care Operators Remain in Child Care Service	18
Appendix A: Survey Questionnaire	21
Appendix B: Comparison of Survey Sample and Target Population	25
Appendix C: Statistical Tables	26

INTRODUCTION

Background

The Department of Health and Family Services has the authority to license group and family day care centers for children under state statute s. 48.67. Within the Department, the Division of Children and Family Services, Bureau of Regulation and Licensing has the licensing responsibility.

Wisconsin has a very high rate of workforce participation among two parent and single parent families, which leads to a high demand for child care services. This in turn has led to a rapid growth in the number of licensed child day care centers. However, the rate of turnover of licensed day care centers in Wisconsin is also considered to be high. In the year 2000, there were 598 licensed center closures, compared to 637 newly licensed centers (not counting centers that were re-located). This represented around 10% turnover of licensed day care centers in a single year. The Department has been concerned with the turnover of the licensed day care centers for two main reasons. First, research has shown that a consistent nurturing caregiver is important to help children grow and develop. There is the need to foster a more stable child care environment for working parents. Second, the high rate of turnover imposes an added administrative burden on the Department. The Department's administrative responsibilities include licensing of new child day care centers as well as monitoring the quality of already licensed day care centers. Effective and efficient execution of these administrative functions is necessary in order to protect the health, safety and welfare of children under the care of the centers. The Department has limited licensing and regulation resources. Lowering the turnover rate of child care centers could help lessen the administrative burden.

A survey was conducted of licensed child day care centers that were closed between March 2002 and February 2003 to collect information about the reasons that led to their closures. This report presents the results of the survey.

Survey Objectives

The survey had two main objectives:

- 1. To find out why licensed family and group child day care providers voluntarily close their day care centers.
- 2. To determine what provider characteristics, including provider type, length of time in the business, business location, etc. may have affected, or are in some way associated with, day care closures in Wisconsin.

Additional objectives were:

3. To discover what the providers did with their day care business after the licensed centers were closed and to assess their continued availability as child care providers soon after their center closure.

4. To obtain suggestions from closed day care providers on what could be done to help day care providers remain in business.

About the Child Day Care Closure Survey

The survey focused on licensed Family Day Care providers and Group Day Care Centers that **voluntarily** closed their day care operations. Day care providers whose license was revoked or denied were excluded from the study. Day care centers that were licensed as Camp Day Care were also excluded.

<u>Survey time frame and survey method</u>: This survey covers all licensed centers that closed during the twelve-month period from March 2002 to February 2003. The survey consisted of an initial mailing of a survey questionnaire, followed by a second mailing two weeks later. Then, a telephone follow-up was conducted if a completed questionnaire was not received within one month of the initial mailing. The survey questionnaire is included in Appendix A.

<u>Survey response rate</u>: A total of 400 targeted child day care providers were surveyed, and we obtained 291 useable returns. This is a 73% response rate, an excellent response rate for a mail survey of this type.

Sample representation: Based on records in the Department's Child Care License Information System, the total (final) count of targeted closed group and family day care centers during the twelve-month study time period was 478. This represented about 9% of all licensed child day care centers during the period. The sample of 291 survey returns represents about 61% of these targeted licensed day care centers. We compared the geographical distribution (in term of DCFS regions) and the capacity distribution (in terms of the number of children a center was licensed to serve) of the returned surveys with those of the population (478 closed centers), and found no statistically significant differences between the sample and the population. (See Appendix B.) The group of 291 centers for which surveys were returned is representative of all centers closed during March 2002 through February 2003.

SURVEY ANALYSIS AND FINDINGS

Reasons for Child Day Care Center Closures

Many survey respondents provided more than one reason for closing their day care centers. These reasons are organized in four categories: reasons related to business operation, problems with parents, personal and family reasons, and economic or employment related reasons. Table 1 displays a summary list of various reasons reported by survey respondents under these categories.

A great majority of the closed child day care centers (75%) indicated various business operation related reasons. "Business financial problems" and "inadequate demand" were the most frequently mentioned reasons (36% and 27% respectively). These were followed by problems related to facility space or location (e.g., the facility was no longer available, the facility was no longer appropriate for child day care because of an incompatible new business in close proximity, the center was remotely located from where parents lived, etc.) or difficulty retaining or finding qualified workers (17%). Other business reasons included program expansion and/or relocation, problems or difficulties with state licensing rules or state licensing staff, and management or organizational change by its owner/parent company. It should be noted that a center is required to close its "current" license and obtain a new license when moving to a new location, changing the category of care from family to group care or vice versa.

A significant number of respondents experienced frustration or distress with parents, and this also contributed to their closure decision (12%). Some of the problems with parents were: parents were disrespectful, did not appreciate caregiver's hard work, disregarded a signed contract, did not pay, were very demanding, continued to bring sick children, were not knowledgeable of the importance of early childhood education, complained about (day care) rate, etc.

A number of closure reasons were personal or family related. Forty-five percent of survey respondents gave this kind of reason. Family responsibilities, particularly the need to have more time for their own school-age children, affected about one in five of these providers. Most of these providers were family day care providers. Social isolation that comes with child day care work affected one of ten respondents. Other closure reasons were job stress or burn out, provider health problems, retirement, or because the (family) provider moved out of town or state. Job stress or burn out and provider health problems (about 8% of respondents reported each) are likely related to providers' family responsibilities.

Economic or employment reasons such as pursuing more education, pursuing another career option, etc., played a role in the closure decisions of 9% of the respondents.

Table 1 **Reasons for Child Day Care Center Closures**

(Martin 2002 to 1 to 1 to 1 to 1	# Providers	, b
Closure Reason	Responded ^a	Percent ^b
Business Operation	216	74.7%
Business financial problems	105	36.3%
Low, inadequate, or unstable income	79	27.3%
High business costs	37	12.8%
Lack of health insurance and/or other benefit	35	12.1%
Inadequate demand	77	26.6%
Lack of children	77	26.6%
Competition from school program or other providers	14	4.8%
Problems/difficulties with rules, regulations, and licensor	24	8.3%
Licensing regulation and requirements	19	6.6%
Licensing staff	8	2.8%
Facility and staffing problems	49	17.0%
Space no longer available/inadequate; location remote	21	7.3%
Difficulty finding qualified workers	28	9.7%
Organization/management change	4	1.4%
Program expansion /relocation	38	13.1%
Program expansion	17	5.9%
Moved to a new location	24	8.3%
Problems With Parents	35	12.1%
Personal And Family Reasons	130	45.0%
Family responsibilities/personal matters	59	20.4%
Needed more time for own children; own children started school	26	9.0%
Job stress, burn out	22	7.6%
Provider health problems	24	8.3%
Social isolation	29	10.0%
Retirement	21	7.3%
Moved out of town or state	15	5.2%
Economic/Employment Reasons	26	9.0%
Other job opportunity or business opportunity	18	6.2%
Other employment related reasons	8	2.8%

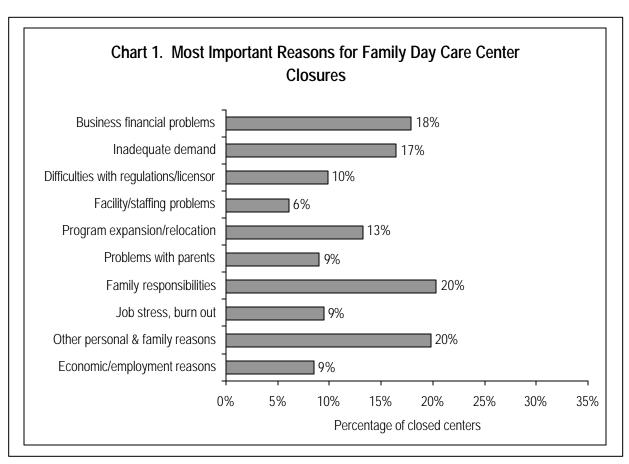
^a Total number of respondents = 289. Two providers did not answer the question.

^b A provider could give multiple closure reasons. Thus, the percentages do not add up to the total of each category or sub-category.

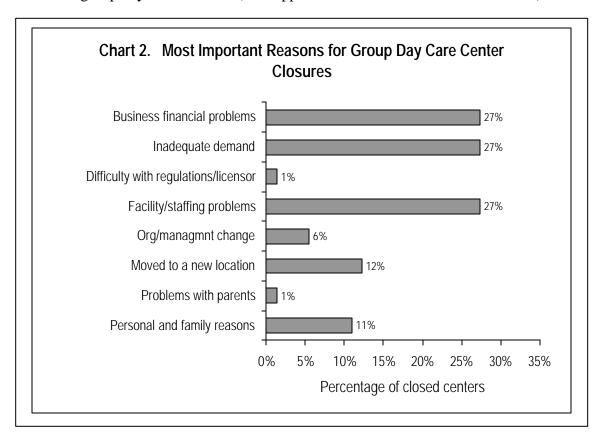
Most Important Reasons for Day Care Center Closures

Day care providers that were surveyed were asked to identify the most important reason that led to their closure decision. Many providers identified more than one reason as the most important. (Sixty-five percent gave one reason, 26% gave two reasons, and 7% gave three reasons.) When multiple responses were received for the "most important" reason, we looked at the first three reasons indicated as the most important to them. Thus, "most important reasons" is defined as such in this section and the following sections of the analysis. We found that the most important reasons affecting family day care providers are more varied than the most important reasons that affected group day care centers.

<u>Family day care providers</u>: Fifty-eight percent of closed family providers gave reasons related to the operation of their day care business. Frequently mentioned business reasons were financial problems (including low or inadequate income and lack of health insurance and benefits) and inadequate demand. Forty-six percent gave various reasons related to personal or family matters. Family responsibilities, especially the need for more time for their own children, played an important role in the closure decision of a significant number of family providers. "Problems with parents" was indicated by 9% of the closed family providers, and "economic or employment" related reason also was indicated by 9% of respondents. Chart 1 shows in more detail the most important closure reasons. (Appendix Table C1 has more detailed statistics.)



Group day care centers: Compared to family day care centers, group day care providers have fewer reasons for closing their centers. Reasons related to business operations appeared to be the main closure reasons (93%). Only 11% indicated "personal and family reasons" and 1% indicated "problems with parents" as among the most important reasons. Most frequently mentioned "business operation" related reasons were business financial problems (particularly, inadequate income and high business costs) (27%), inadequate demand (27%), and "facility space or location and staffing problem" (27%). Chart 2 shows the most important closure reasons for group day care centers. (See Appendix Table C2 for detailed statistics.)



Closure Reasons by Day Care Center Characteristics

Closure reasons were examined against a number of selected day care center characteristics to determine if a particular center characteristic is in some way associated with certain closure reasons. Day care centers closed **primarily** due to "program expansion" (i.e., changed from a family day care license to a group license) or **primarily** due to relocation of its facility are excluded from this analysis because they are not actually "closed" in the usual sense. They did not constitute a reduction in the child care service capacity in the system. Out of a total of 291 survey respondents, 37 centers (13%) were closed solely because of one or both of these two reasons.

Day care center characteristics examined include geographic location, urban/rural nature of the location, number of years a family provider had provided the service, number of years a group center had been licensed, age composition of children served, capacity of a group center facility (as measured by the maximum number of children licensed to serve), ownership type, and number of days a center was open for service in a normal week. We also tried to find out whether there was any seasonal variation in reasons for day care center closures.

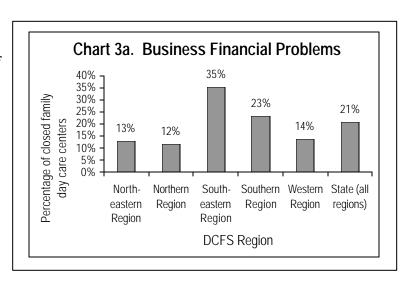
Most of the characteristic information was obtained from the Department's Child Care Licensing Information System. Statistical tests were carried out to determine the significance of the observed differences among groups of closed centers. The results are summarized below. Only those reasons found to be significantly associated with specific facility characteristics at the 90% probability level are shown with a chart. (Detailed statistics are shown in Appendix C.)

Family Day Care Centers

Geographic location

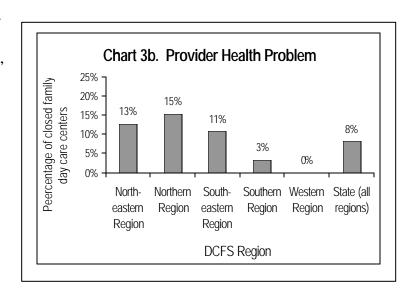
There were significant variations among regions in the proportion of family day care centers that were closed due to "business financial problems" and "provider health problems."

Southeastern and Southern regions had the largest proportion of family centers that were closed because of "business financial problems."



¹ Chi-Square Test is used for the statistical test of significance. In the case where the contingency table has a cell with fewer than 5 cases, Fisher's Exact Test is used.

Relatively more family providers in the Northeastern, Northern, and Southeastern regions reported provider health problems as being among the most important reasons for closing their day care operations.



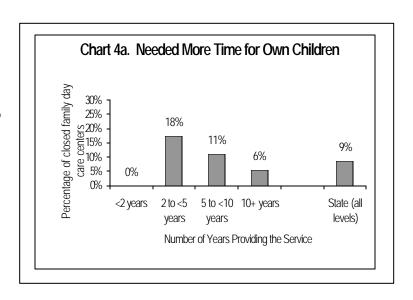
Urban/rural location

No statistically significant variation in closure reasons was found between urban and rural locations.

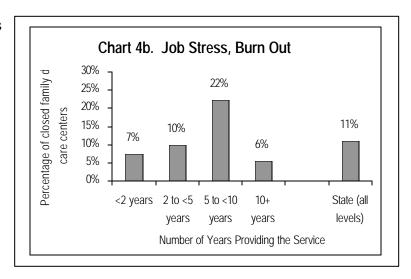
Number of years provided child day care service

"Needed more time for own children" and "job stress, burn out" were related to the number of years a family provider had provided child day care service.

Closed family providers who had at least two years but less than five years of day care service were more likely than other family providers to close their day care centers because of the need to have more time with their own children.



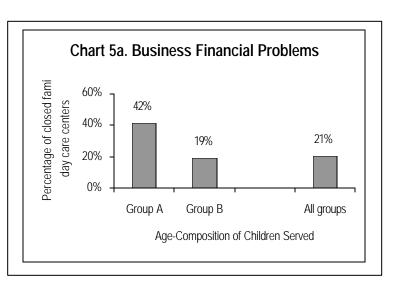
Closed family providers who had been in business for five to ten years were at least twice as likely as other family providers to close their day care centers because of "job stress or burn out."



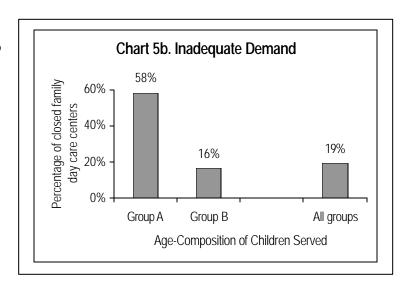
Age composition of children served

To analyze the relationship between closure reasons and age composition of children served by a day care center, all closed day care centers are classified into three groups. Group A included centers that served children under seven years of age, Group B included centers that served older children (seven years old and older) as well as younger children, and Group C included centers that served only school-age children (five years old and older). A great majority of closed family providers (93%) were in Group B and 7% were in Group A. None of the closed family providers was found in Group C. The analysis showed that "business financial problems" and "inadequate demand" had a significantly greater impact on family providers that served only younger children (Group A) than on family providers that served older as well as younger children (Group B).

More than two in five family centers in Group A (accepted children under seven years of age) indicated that "business financial problems" was one major reason for closing their family day care centers. This compared to about one in five family centers in Group B that said so.



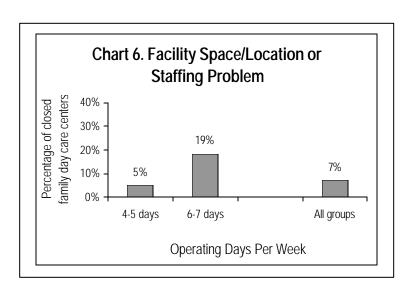
About three in five family centers in Group A were closed mainly because of "inadequate demand" while fewer than one in five family centers in Group B were closed mainly because of this reason.



Operating days

The majority of closed family providers had been open for business five days a week (85%). Only 15% offered day care service during the weekend (open 6 to 7 days a week).

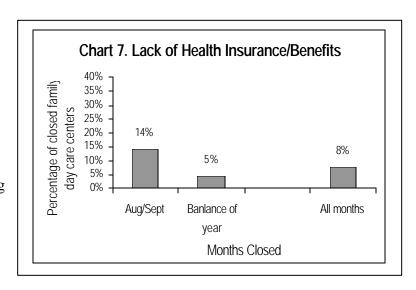
Closed family centers that were open six to seven days a week had a significantly greater tendency to have a "problem with facility space or location" as one of the most important closure reasons.



Seasonal variation

Many more family day care centers were closed during August and September than in any other months. These two months accounted for 30% of the closures of family day care centers in the twelve-month survey period.

More than fourteen percent of family centers that closed during these two months indicated "lack of health insurance or other benefits" as one of the most important closure reasons – three times as likely as during the balance of the year.



Group Day Care Centers

Major reasons that caused group day care center closures were "business financial problems," "inadequate demand," and "facility space/location and staffing problems." These reasons were significantly associated with one or more of the following center characteristics: urban/rural location, capacity (i.e., number of children licensed to serve), ownership type, age composition of children served, and months of operation in the year.

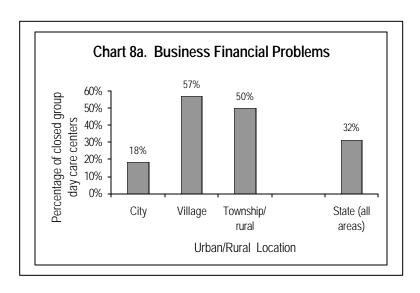
Geographic location

No statistically significant variation in the type of closure reasons were found among DCFS regions.

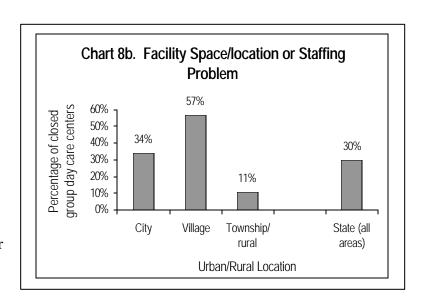
Urban/rural location

Business financial problems and problems with facility space/location or staffing were associated with the urban/rural factor.

Closed group day care centers in rural areas (villages and townships) were much more likely than group centers in cities to indicate business financial problems, (particularly high business costs,) as the most important closure reason.



Group day care centers in villages were much more likely to be affected by difficulty finding or keeping qualified staff. Problems with inadequate facility space, space not available, or inappropriate locations were more important reasons for closures for cities.



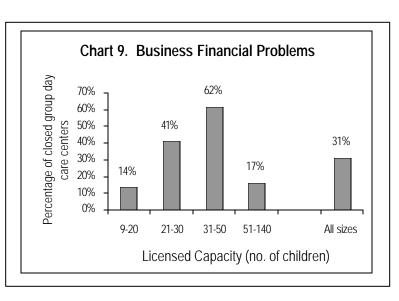
Number of years licensed

Forty-five percent of the closed group centers had operated under a state license for at least five years, 38 percent for two to five years, and 17 percent for less than two years. How long a group center operated under a state license did not appear to be associated with reasons for closure.

Facility capacity

A group day care center could be licensed to serve as few as nine children or as many as over 200 children. Among the group day care centers that were closed during the twelve-month survey period, the majority had a capacity to serve 50 or fewer children (81%), and none had the capacity to serve more than 150 children.

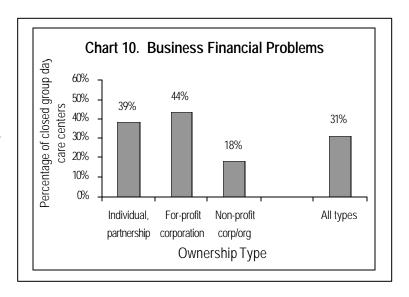
Closed group day care centers that were licensed to serve 31 to 50 children were most likely to report financial problems. Group centers that served 21 to 30 children were also more likely than smaller or other larger facilities (with a capacity of over 51 children) to report financial problems.



Ownership type

Forty-four percent of closed group day care centers were owned by non-profit corporations or organizations, 36% were for-profit corporations, and 20% were individuals or partnerships.

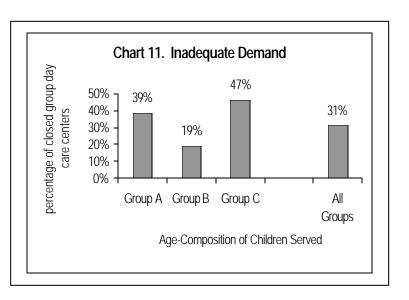
The closed group centers owned by for-profit corporations were more likely than other ownership types to close due to financial problems. High business costs was their main problem.



Age composition of children served

Twenty-eight percent of closed group day care centers only accepted children under seven years of age (Group A), and 49% accepted children aged seven or older as well as younger children (Group B). The remaining 23% accepted only school-age children (age five years and older) (Group C). This pattern of "age composition of children served" was significantly different from the preferred pattern among family providers. (As shown earlier on page 9, the most frequent pattern of "age composition of children served" among closed family providers was Group B, and none of the closed family providers was found in Group C.)

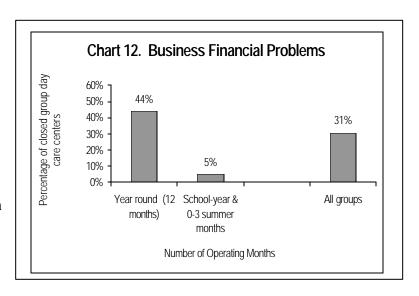
Group day care centers that accepted only children under age seven years old (Group A) or that accepted only school-age children (Group C) were much more likely to be affected by "inadequate demand" than group centers that accepted younger as well as older children (Group B).



Center operating months

About two-thirds of closed group centers operated all year around (twelve months a year), one-third operated mainly during the school year (with some also offering child care for some summer months), and 3% operated during summer only. "Operating months" of group day care centers was highly correlated to the age composition of children served. About seventy percent of the closed group day care centers that operated all year round accepted children seven years old and older as well as younger children (Group B). On the other hand, only 10% of the closed group centers that mainly operated during school year were in Group B and the other 90% were in Group A (accepted children under seven years of age only) or in Group C (accepted only school-age children, five years of age and older).

Closed group centers that operated year-round were much more affected by financial problems due to insufficient business revenues and high business costs. This effect remained true regardless of the age composition of children they served.



Seasonal variation

Among all closed group centers, 50% were closed during January, June, and September, which more or less coincides with the beginning and end of a school year. The other half of the closures occurred throughout the balance of the year. There was no statistically significant difference in the closure reasons between the "heavy" closing months and the "light" months.

Resources Used by Closed Day Care Providers

In the survey, all closed family day care centers and group day care centers were asked about child day care resources they had ever used, such as state grants for staff training and equipment, state subsidy, Wisconsin Child Care Resources and Referral Services (CCRRS), or the Child and Adult Food Program, etc. Nine in ten had utilized at least one of these resources, and more than half had utilized three or more of them. The Food Program and Wisconsin CCRRS services were the most popular. At least seven in ten centers had used the Food Program, and two-thirds had used Wisconsin CCRRS services. Table 2 shows the resources used by the closed day care centers.

Table 2
Child Care Resources Used By Closed Day Care Centers

Resources	No. of Respondents	Percent
~	440	1021
State subsidy for child care service	118	48%
State grants for staff training, equipment, etc.	98	40%
Wisconsin CCRRS	164	66%
Child Care Information Centers	111	45%
Child and Adult Food Program	175	71%
Other	13	5%
None of the above	17	7%
Unknown	5	2%
Total number of respondents (a)	248	100%

(a) Excludes centers that were closed for the only reason of "program expansion" or "relocation" or both.

Disposition of Day Care Center Business and Facility after Closure

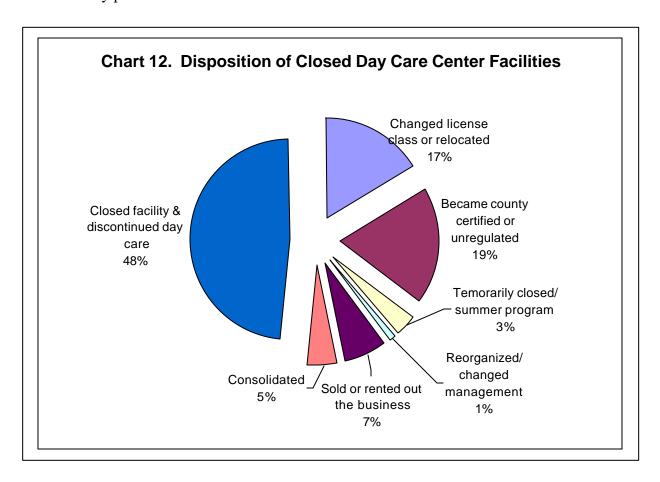
Closure of a state licensed child day care center may or may not negatively affect the service capacity of child day care in the community depending on what its "former" licensee (owner/provider) did with the day care facility and business. The survey results showed that some "former" licensees (17%) moved their day care business to a different location, or expanded or contracted their business and continued to operate child day care (i.e., increase or decrease the number of children served) at the same location or in a different location. These licensees were required to obtain a new license (either of the same license class, or changed from a family license to a group license or vice versa) for the relocated or the re-classed day care facility.

In addition, a significant proportion of "closed" licensed day care (19%) gave up the state license but continued to operate child day care in the same location as county certified providers. They were primarily family care providers. Further, a small number of licensees sold or rented out their day care businesses to other providers (7%); a few others temporarily closed their day care due to provider's personal problem or because it operated a summer program only (3%); or changed license because of a management or organizational change (1%).

15

Overall, 47% of the day care "closures" recorded in the state's child day care licensing information system did not result in a reduction of the number of child day care facilities. These day care facilities remained open or had "replacement" facilities, and continued delivering day care.

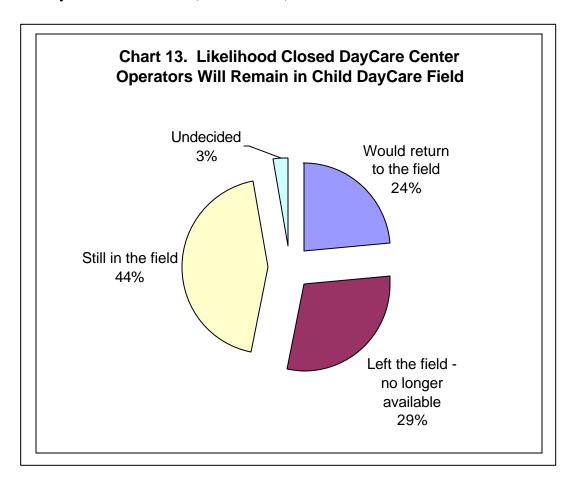
The remaining 53% of the day care "closures" resulted in the permanent termination of the day care business. These included 48% of the facilities that were simply closed and the day care service was discontinued, and 5% that were closed because of business consolidation (i.e., the licensees consolidated their multiple day care centers into one or fewer centers). Chart 12 offers a quick view of the disposition of licensed day care centers that were closed during the twelvemonth survey period.



Likelihood Providers Remain in Child Day Care Service after Closure

"Closure" of a licensed day care center as defined in the state child care licensing information system for administrative purposes reflects a "license closure" and may not be equivalent to the closing of a family day care or a group care center. As reflected above, many licensed providers continued to provide care following their "license closure." We also found that among the providers that actually closed their day care operation, many chose to remain in the child day care field.

To summarize, more than two-fifths of all survey respondents indicated they continued to engage in child day care services, in the same facility or in another facility or by working for other providers, following their "license closure." About one-fourth indicated they would return to the child day care service in the future. Only 29% of the "closed" providers (including 30% of the closed family providers and 27% of the closed group center providers) said they would not return to child day care in the future. (See Chart 13.)



Suggestions for Helping Child Care Operators Remain in Child Care Service

In the survey, we asked what could be done to help child day care operators remain in the child care service. We received a variety of suggestions from 122 survey respondents (42% of 291 total respondents). These suggestions are organized into six categories: financial issues (21% of all survey respondents), licensing rules and regulations (7%), licensing administration (10%), resources and support for providers (11%), resources and help for parents (4%), and Food Program rules (3%). The suggestions are summarized and listed below. (Note: The number in the parentheses at the end of each category or item is the number of respondents who made the suggestions. Those numbers add up to more than the total number of providers who responded (122) because many respondents gave multiple suggestions.)

Financial issues (62)

- More public funding support for child care providers, such as grants and subsidies for startup, wages, health care, professional development, facility renovation or modifications for security purposes, equipment, etc. (31)
- Adequate compensation and benefits through means such as better pay, guaranteed minimum wage, "day-off" benefits, affordable health insurance for providers and their families, allowing providers to participate in state HMO insurance plans, etc. (30)
- Provide economic incentives for child care business, such as helping providers obtain affordable liability insurance, rewarding good providers with high quality equipment, money incentives to retain staff, and tax break (property tax, self-employment tax, etc.) (6)
- Discount supplies for quality care programs, better food program, fee waived for background check of provider's family members, etc. (to help reduce business costs.) (3)
- Child day care fee: uniform child day care fees for various child care programs (early childhood, public school program, private day care, etc.); equalizing school-site-use-fee for early childhood programs and school-age programs; no free day care provided by school districts. (3)

Licensing Rules and Regulations (20)

- Modify "child number" requirement. (6)
 Specific suggestions included
 - change the requirement of 'not more than 4 children under two years of age' to 'under one year old':
 - increase maximum number of children that could be served by a licensed family provider from the current eight children to twelve, to allow for hiring of an assistant that would improve quality of care;
 - create a new license class of 'Large Family Day Care License';
 - allow experienced providers to have one part-time child over the allowed (licensed) maximum number of children during transition time (in and out) during a day.
- Allow some flexibility on facility requirements for a good experienced provider (e.g., alternative security measure). (4)
- Reduce paper work requirement. (4)
- Reduce continuing education requirements for good, experienced providers. (2)
- Regulate parents training requirement; regulate payment of day care fee (like child support program). (1)

- Allow adult caretakers to provide "limited" child day care. (1)
- Establish a separate license category for pre-school programs (like Montessori preschool). (1)
- Ease expensive food requirements for attending children to avoid waste. (1)
- Limit number of licensees in a small area. (1)

Licensing Administration (20)

- **Monitoring** (10)
 - Reduce the amount of inspections/visits by licensor if a predetermined amount of inspections have gone well.
 - Institute a system of positive and constructive inspection and monitoring visits. The visits should be more supportive and not be punitive and intimidating; inspections should offer positive experience and provide information and suggestions that encourage good quality of care and not simply focus on finding fault.
 - Check on providers more to make sure they are in compliance with rules and requirements.
- **Technical assistance** Provide technical assistance and guidelines regarding reasonable "fee schedule" for child day care service, grants application, obtaining resources for children, and marketing assistance. (7)
- Rules implementation Licensing rules and regulations should be applied consistently statewide; have only one set of codes of rules and regulations for both the licensors and the licensees. (4)
- More responsive to providers' information needs; establish a <u>provider hot line</u> or <u>quick line</u> for urgent information need. (4)
- **Complaint investigation -** Any complaint investigation should be proper, fair and honest, especially when a complaint is coming from another provider. (1)
- Staff quality Licensing staff should be qualified, experienced, and supportive of providers.
 (6)

Resources and Support for Providers (32)

- Continuing education and training for providers more correspondence courses and training hours, workshops and meetings, and in other formats; training in marketing, day care business operation, grants and subsidies for enhancement program and staff retention such as the Teen Parent Program. (8)
- Promote the development of, or increasing the pool of, substitute child care providers. (8)
 - Establish a licensed substitute provider program or a subsidized 'respite' child care system to assist regular providers for short-term or immediate needs.
 - Develop a list of available substitutes and teachers for providers.
- Promote provider support group. (8)
- Award recognition and incentives to quality child care providers. (6)
- In-home help with record keeping and tax preparation. (2)
- Help providers to recover payments owed by parents. (1)
- Establish a line of communication between providers and caseworkers of all parents who receive child care subsidies and other public assistance. (1)

Resources and Help for Parents (12)

- Financial and resource assistance higher child care subsidy, transportation assistance, etc.
 (4)
- Education and training for parents on state licensing rules, child care subsidy rules, child care skill, provider's role and parent's role in child care, etc. (3)
- Provide guidelines for choosing and using licensed child day care centers. (1)
- Translate early childhood information into languages of minorities (e.g., Hmong). (1)
- No double funding to children who qualify for both Child Care Subsidy and Head Start. (1)
- Stricter eligibility requirement for W2. (1)

Food Program Rules (8)

- Reduce paper work requirement for Food Program.
- Eliminate different tier brackets dividing children and staffing.
- Allow providers to count their own children in the Food Program regardless of income.
- Make the Food Program easier to qualify for.
- Make the Food Program available to county certified providers.

APPENDIX A SURVEY QUESTIONNAIRE

DEPARTMENT OF HEALTH AND FAMILY SERVICES

STATE OF WISCONSIN

Office of Strategic Finance OSF-203 (April 2002)

Return to:

WI Dept. of Health and Family Services Office of Strategic Finance, Evaluation Section P O Box 7850 Madison, WI 53707-7850

LICENSED CHILD DAY CARE PROVIDER CLOSURE SURVEY

The Wisconsin Department of Health and Family Services (DHFS) is conducting a survey of state licensed family day care and group day care centers that were closed between March 2002 and February 2003. The purpose is to find out the reasons that child day care providers close their centers. You are receiving this survey because you closed your day care center during that period. This survey is conducted under the authority of s. 48.66(3) of Wisconsin State Statutes and the State Administrative Rule HFS 46.04(3)(e).

The day care services you provided were very important to the children you cared for and to their parents. The Wisconsin Department of Health and Family Services wants to learn from you directly why you closed your day care center. We will use the information to develop ways to better support and assist child care providers in their businesses. Completing this form is voluntary, and there is no penalty for not responding. All information collected in this survey, including personal information, will be used for the purpose of the survey only. Your response will be kept confidential. No personal identifiable information will be made known to the public.

I. PROVIDER INFORMATION

	Address (Street/City/7in Code)
	Address (Street/City/Zip Code): County:
	Facility License Number:
	License type: Group child day care, Family child day care
	Date license was initially issued:
	Date the center was closed:
	Licensee Name:/Telephone: _()
	Address:
	(Correct any errors above.)
1.	How long did you provide child day care, counting all the years that you personally (not the center itself) have been in this business? (Check one.)
	(1) Less than one year(5) Four to less than five years
	(2) One to less than two years(6) Five to less than ten years
	(3) Two to less than three years(7) Ten years or more
	(4) Three to less than four years
2.	Where was this child day care center located? (Check one.)
	(1) City(2) Village(3) Township/rural

3.	After you closed your licensed day care center, did you: (Check one.)
	(1) sell the day care business to another day care provider.
	(2) continue to provide day care service with a different license type (that is,
	changed from a licensed family center to a licensed group center, or vice versa.)
	(3) continue to provide child care (either certified or not-regulated.)
	(4) discontinue providing child care.
	(5) Other (explain)
4.	Did you ever use the following resources when you were a day care provider? (Check all
	that you used.)
	(1) State subsidy for child care service
	(2) State grants for quality improvement regarding training, accreditation fees
	assistance, equipment, etc.
	(3) Wisconsin Child Care Referral and Resources Services
	(4) Child Care Information Center (CCIC)
	(5) Food programs
	(6) Other (specify)
II.	REASONS FOR CLOSING A CHILD DAY CARE CENTER AND YOUR FUTURE
ΡI	LAN
5	Child day care providers may close their day care center for a number of reasons, such as
٠.	financial reasons, problems in operating a business, or personal or family reasons. We have
	identified a number of possible reasons below. Please check the reason(s) that contributed to
	your decision to close your day care operation.
	(1) Inadequate income from the family/group day care center
	(2) High business costs
	(3) Lack of health insurance and/or other benefits
	(4) Difficulty enrolling children
	(5) Difficulty finding qualified workers
	(6) Problems with parents
	(7) Provider or family health problems
	(8) Your own children started school
	(9) Social isolation
	(10) Retirement
	(11) Other reasons (specify)
	(11) Other reasons (speerry)
	5-1. Explain in more detail or give an example of item(s) most important to your closure
	decision that you checked above:

6.	Would you consider returning to the child day care field in the future? (Check one.) (1) Yes, in the same type of program. (2) Yes, in a different type of program. (3) No, I do not intend to return to the child day care field in the future. (4) I am still in the day care field.
7.	Do you have any suggestions on what could be done to help child day care operators remain in the child care field?
	·

This ends the survey. Thank you very much for your cooperation.

Please mail the completed survey in the envelope provided. The envelope is already self-addressed and postage paid for your convenience.

APPENDIX B

COMPARISON OF SURVEY SAMPLE AND TARGET POPULATION

1. Regional distribution

DCFS Region	Target Population		on <u>Target Population</u> <u>Surve</u>		Survey Sample		Chi-Square	Sig
	Number	Percent	Number	Percent	<u>Value</u>			
					0.734	0.947		
Northeastern Region	98	20.5%	60	20.6%				
Northern Region	52	10.9%	37	12.7%				
Southeastern Region	138	28.9%	79	27.2%				
Southern Region	131	27.4%	80	27.5%				
Western Region	59	12.3%	35	12.0%				
Total	478	100.0%	291	100.0%				

2. Facility Capacity

Capacity	Target P	Target Population		Survey Sample		Sig
	Number	Percent	Number	Percent	Value	
					2.600	0.627
4-8	359	75.1%	215	73.9%		
9-20	36	7.6%	26	8.9%		
21-30	24	5.0%	19	6.5%		
31-50	35	7.3%	15	5.2%		
51-150	24	5.0%	16	5.5%		
Total (all levels)	478	100.0%	291	100.0%		

APPENDIX C STATISTICAL TABLES

Table C1
Closure Reasons for Family Day Care Centers
(March 2002 to February 2003)

Closure Reason	All Responses		As the M nses <u>Important Re</u>	
	Number	% b	Number	% b
Business Operation	145	67.8%	123	58.0%
Business financial problems	73	34.1%	38	17.9%
Low, inadequate, or unstable income	52	24.3%	22	10.4%
High business costs	14	6.5%	5	2.4%
Lack of health insurance and/or other benefit	29	13.6%	14	6.6%
Inadequate demand	50	23.4%	35	16.5%
Lack of children	50	23.4%	34	16.0%
Competition from school program or other providers	8	3.7%	8	3.8%
Problems/difficulties with rules, regulations, licensor	22	10.3%	21	9.9%
Licensing regulation and requirements	17	7.9%	16	7.5%
Licensing staff	8	3.7%	8	3.8%
Facility and staffing problems	14	6.5%	13	6.1%
Space no longer available/inadequate; location remote	7	3.3%	7	3.3%
Difficulty finding qualified workers	7	3.3%	6	2.8%
Program expansion /relocation	29	13.6%	28	13.2%
Program expansion	17	7.9%	17	8.0%
Moved to a new location	15	7.0%	14	6.6%
Problems With Parents	31	14.5%	19	9.0%
Personal And Family Reasons	118	55.1%	98	46.2%
Family responsibilities/personal matters	57	26.6%	43	20.3%
Needed more time for own children; own children started school	26	12.1%	16	7.5%
Job stress, burn out	22	10.3%	20	9.4%
Provider health problems	21	9.8%	15	7.1%
Social isolation	28	13.1%	4	1.9%
Retirement	15	7.0%	9	4.2%
Moved out of town or state	15	7.0%	13	6.1%
Economic/Employment Reasons	26	12.1%	19	9.0%
Other job opportunity or business opportunity	18	8.4%	14	6.6%
Other employment related reasons	8	3.7%	5	2.4%
Total number of family day care providers responded	214	" 4 1	212	

^a Some providers indicated more than one "most important" reason. The first three "most important" reasons indicated are included in this column.

^bThe percentages do not add up to the total of each category or sub-category because of multiple closure reasons. ^cA total of 215 family day care providers returned the survey. One provider did not provide a closure reason; two others offered more than three closure reasons but did not indicate which was/were the most important reason(s). They are excluded from the first or the third column respectively.

Table C2 Closure Reasons for Group Day Care Centers

			As the l	Most	
Closure Reason	All Responses		Important Reason		
	Number	% b	Number	% b	
Business Operation	71	94.7%	68	93.2%	
Business financial problems	32	42.7%	20	27.4%	
Low, inadequate, or unstable income	27	36.0%	13	17.8%	
High business costs	23	30.7%	12	16.4%	
Lack of health insurance and/or other benefit	6	8.0%	1	1.4%	
Inadequate demand	27	36.0%	20	27.4%	
Lack of children	27	36.0%	17	23.3%	
Competition from school program or other providers	6	8.0%	5	6.8%	
Problems/difficulties with rules, regulations, licensor	2	2.7%	1	1.4%	
Licensing regulation and requirements	2	2.7%	1	1.4%	
Licensing staff	0	.0%	0	.0%	
Facility and staffing problems	35	46.7%	20	27.4%	
Space not available/inadequate; location remote	14	18.7%	13	17.8%	
Difficulty finding qualified workers	21	28.0%	7	9.6%	
Organization/management change	4	5.3%	4	5.5%	
Relocation (moved to a new location)	9	12.0%	9	12.3%	
Problems With Parents	4	5.3%	1	1.4%	
Personal And Family Reasons	12	16.0%	8	11.0%	
Other family responsibilities or personal matters	2	2.7%	2	2.7%	
Provider health problems	3	4.0%	3	4.1%	
Social isolation	1	1.3%	0	.0%	
Retirement	6	8.0%	2	2.7%	
Total number of closed group day care providers					
responded	75		73		

^a Some providers indicated more than one "most important" reason. The first three "most important" reasons indicated are included in this column.

^b The percentages do not add up to the total of each category or sub-category because of multiple closure reasons.

^c A total of 76 family day care providers returned the survey. One provider did not provide closure reason; two others offered more than three closure reasons but did not indicate which was/were the most important reason(s). They are excluded from the first or the third column respectively.

Table C3
Most Important Reasons for Family Day Care Center Closures
By Geographic Location

Closure Reason	DCFS Region				State		
	North- eastern Region	Northern Region	South- eastern Region	Southern Region	Western Region	(all regions)	
(Total number of respondents) (a)	(39)	(26)	(37)	(60)	(22)	(184)	
Business financial problems	12.8%	11.5%	35.1%	23.3%	13.6%	20.7%	*
Low, inadequate, unstable income	10.3%	7.7%	13.5%	15.0%	9.1%	12.0%	
Lack of health insurance/benefits	2.6%	3.8%	21.6%	6.7%	0%	7.6%	**
Inadequate demand	15.4%	15.4%	29.7%	16.7%	18.2%	19.0%	
Problems/difficulties with rules, regulations, licensor	12.8%	23.1%	8.1%	10.0%	4.5%	11.4%	
Facility space/location &/or staffing problems	10.3%	3.8%	13.5%	1.7%	9.1%	7.1%	
Problems with parents	7.7%	15.4%	8.1%	11.7%	9.1%	10.3%	
More time for own children	15.4%	0%	2.7%	10.0%	13.6%	8.7%	
Other family responsibilities or personal matters	5.1%	23.1`%	16.2%	16.7%	13.6%	14.7%	
Job stress, burn out	15.4%	15.4%	2.7%	11.7%	9.1%	10.9%	
Provider health problems	12.8%	15.4%	10.8%	3.3%	0%	8.2%	*
Economic/employment reasons	10.3%	3.8%	5.4%	13.3%	18.2%	10.3%	

^{**}Regional differences are statistically significant at p=0.05.

^{*}Regional differences are statistically significant at p=0.10.

⁽a) Excludes providers whose reason for closing the day care center was "program expansion" or "move to a new location."

Table C4
Most Important Reasons for Family Day Care Center Closures
By Number of Years in Child Care Service

Closure Reason	Numbe	State			
	Less than 2 years	2 to <5 years	5 to <10 years	10 years or more	(all levels)
(Total number of respondents) (a)	(27)	(40)	(45)	(71)	(183)
Business financial problems	14.8%	15.0%	26.7%	22.5%	20.8%
Low, inadequate, unstable income	14.8%	10.0%	17.8%	8.5%	12.0%
Lack of health insurance/benefits	3.7%	5.0%	4.4%	12.7%	7.7%
Inadequate demand	25.9%	17.5%	17.8%	16.9%	18.6%
Problems/difficulties with rules, regulations, licensor	14.8%	15.0%	6.7%	11.3%	11.5%
Facility space/location &/or staffing problems	3.7%	12.5%	4.4%	7.0%	7.1%
Problems with parents	14.8%	10.0%	15.6%	5.6%	10.4%
More time for own children	0%	17.5%	11.1%	5.6%	8.7% *
Other family responsibilities or personal matters	3.7%	10.0%	20.0%	18.3%	14.8%
Job stress, burn out	7.4%	10.0%	22.2%	5.6%	10.9% *
Provider health problems	3.7%	2.5%	8.9%	12.7%	8.2%
Economic/employment reasons	14.8%	12.5%	8.9%	8.5%	10.4%

^{*}Association between this closure reason and "years in service" is statistically significant at p=0.10. (a) Excludes providers whose reason for closing the day care center was "program expansion" or "move to a new location."

Table C5
Most Important Reasons for Family Day Care Center Closures
By Age Composition of Children Licensed to Serve

Closure Reason	Age Composition	n of Children (b)	State
	Group A	Group B	(all groups)
(Total number of respondents) (a)	(12)	(172)	(184)
Business financial problems	41.7%	19.2%	20.7% *
Low, inadequate, unstable income	25.0%	11.0%	12.0%
Lack of health insurance/benefits	8.3%	7.6%	7.6%
Inadequate demand	58.3%	16.3%	19.0% **
Problems/difficulties with rules, regulations, licensor	0%	12.2%	11.4%
Facility space/location &/or staffing problems	8.3%	7.0%	7.1%
Problems with parents	8.3%	10.5%	10.3%
More time for own children	16.7%	8.1%	8.7%
Other family responsibilities or personal matters	8.3%	15.1%	14.7%
Job stress, burn out	8.3%	11.0%	10.9%
Provider health problems	0%	8.7%	8.2%
Economic/employment reasons	8.3%	10.5%	10.3%

^{**}Association between this closure reason and the age composition group of children served is statistically significant at p=0.05.

^{*}Association between this closure reason and the age composition group of children served is statistically significant at p=0.10.

⁽a) Excludes providers whose reason for closing the day care center was "program expansion" or "move to a new location."

⁽b) Group A included family day care centers that served children under seven years of age, and Group B included family centers that served older children (seven years old or older) as well as younger children.

Table C6
Most Important Reasons for Family Day Care Center Closures
By Number of Operating Days in a Week and By Month of Facility Closure
(March 2002 to February 2003)

Closure Reason	# Operating Days		Month Closed			State	
	4-5 days	6-7 days	·	Aug, Sept	Balance of year		(all groups)
(Total number of respondents) (a)	(157)	(27)		(56)	(128)		(184)
Business financial problems Low, inadequate, unstable income Lack of health insurance/benefits	21.7% 12.1% 8.9%	14.8% 11.1% 0%		26.8% 7.1% 14.3%	18.0% 14.1% 4.7%	**	20.7% 12.0% 7.6%
Inadequate demand	19.1%	18.5%		17.9%	19.5%		19.0%
Problems/difficulties with rules, regulations, licensor	10.2%	18.5%		12.5%	10.9%		11.4%
Facility space/location &/or staffing problems	5.1%	18.5%	**	5.4%	7.8%		7.1%
Problems with parents	10.2%	11.1%		7.1%	11.7%		10.3%
More time for own children	8.9%	7.4%		5.4%	10.2%		8.7%
Other family responsibilities or personal matters	13.4%	22.2%		10.7%	16.4%		14.7%
Job stress, burn out	11.5%	7.4%		16.1%	8.6%		10.9%
Provider health problems	7.6%	11.1%		5.4%	9.4%		8.2%
Economic/employment reasons	9.6%	14.8%		12.5%	9.4%		10.3%

^{**}Association between this closure reason and "number of operating days" or "month closed" is statistically significant at p=0.05.

⁽a) Excludes providers whose reason for closing the day care center was "program expansion" or "move to a new location."

Table C7
Most Important Reasons for Group Day Care Center Closures
By Urban/Rural Location

Closure Reason	Urbai	State			
	City	Village	Township / Rural	(all areas)	
(Total number of respondents) (a)	(38)	(7)	(18)	(63)	
Business financial problems Low, inadequate, unstable income High costs	18.4% 15.8% 7.9%	57.1% 28.6% 28.6%	50.0% 27.8% 38.9%	31.7% 20.6% 19.0%	**
Inadequate demand	31.6%	28.6%	33.3%	31.7%	
Facility space/location &/or staffing problems	34.2%	57.1%	11.1%	30.2%	**

^{**}Urban/rural differences are statistically significant at p=0.05.

Table C8
Most Important Reasons for Group Day Care Center Closures
By Facility Capacity

Closure Reason	Number of Children Licensed to Serve				State	
	9-20	21-30	31-50	51-140	(all sizes)	
(Total number of respondents) (a)	(22)	(17)	(13)	(12)	(64)	
Business financial problems	13.6%	41.2%	61.5%	16.7%	31.3%	**
Low, inadequate, unstable income	4.5%	23.5%	46.2%	16.7%	20.3%	**
High costs	9.1%	29.4%	30.8%	8.3%	18.8%	
Inadequate demand	40.9%	35.3%	30.8%	8.3%	31.3%	
Facility space/location &/or staffing problems	31.8%	35.3%	23.1%	33.3%	31.3%	

^{**}Association between number of children licensed to serve and this closure reason is statistically significant at p=0.05.

⁽a) Excludes providers whose reason for closing the day care center was "moved to a new location."

⁽a) Excludes providers whose reason for closing their day care centers was "moved to a new location."

Table C9
Most Important Reasons for Group Day Care Center Closures
By Ownership Type

Closure Reason	Ow	State			
	Individual, partnership	For-profit corporation	Non-profit corp/org	(all types)	
(Total number of respondents) (a)	(13)	(23)	(28)	(64)	
Business financial problems Low, inadequate, unstable income High costs	38.5% 23.1% 15.4%	43.5% 21.7% 34.8%	17.9% 17.9% 7.1%	31.3% 20.3% 18.8%	**
Inadequate demand	15.4%	30.4%	39.3%	31.3%	
Facility space/location &/or staffing problems	30.8%	26.1%	35.7%	31.3%	

^{**}Association between this closure reason and ownership type is statistically significant at p=0.05.

Table C10
Most Important Reasons for Group Day Care Center Closures
By Age Composition of Children Licensed to Serve

Closure Reason	Age	State			
	Group A	Group B	Group C	(all groups)	
(Total number of respondents) (a)	(18)	(31)	(15)	(64)	
Business financial problems	22.2%	41.9%	20.0%	31.3%	
Low, inadequate, unstable income	16.7%	29.0%	6.7%	20.3%	
High costs	16.7%	22.6%	13.3%	18.8%	
Inadequate demand	38.9%	19.4%	46.7%	31.3%	
Lack of children	38.9%	12.9%	40.0%	26.6%	*
Competition from school/other providers	5.6%	9.7%	6.7%	7.8%	
Facility space/location &/or staffing problems	22.2%	32.3%	40.0%	31.3%	

^{*} Association between this closure reason and "age composition of children served" is statistically significant at p=0.10.

⁽a) Excludes providers whose reason for closing the day care center was "moved to a new location."

⁽a) Excludes providers whose reason for closing the day care center was "program expansion" or "move to a new location."

⁽b) Group A included centers that accepted only children under seven years of age, Group B included centers that accepted children aged seven and older as well as younger children, and Group C included centers that accepted only school-age children (five years of age and older).

Table C11
Most Important Reasons for Group Day Care Center Closures
By Number of Operating Months

Closure Reason	Number of (State		
	Year Round (12 Months)	School-Year plus 0-3 Summer Months	(all groups)	
(Total number of respondents) (a)	(41)	(21)	(62)	
Business financial problems	43.9%	4.8%	30.6%	**
Low, inadequate, unstable income	29.3%	4.8%	21.0%	**
High costs	26.8%	0.0%	17.7%	**
Inadequate demand	22.0%	47.6%	30.6%	
Facility space/location &/or staffing problems	29.3%	38.1%	32.3%	

^{**}Association between this closure reason and "number of operating month" is statistically significant at p=0.05.

⁽a) Excludes providers whose reason for closing the day care center was "move to a new location." Also, two centers that operated only during summer months are excluded.